

Center for  
Innovation and  
Entrepreneurship



# BLACK BOOK ON STARTUP RECRUITING

*PUBLISHED BY THE GRADUATE ENTREPRENEURSHIP CLUB*

*IN COLLABORATION WITH THE CARNEGIE MELLON CENTER FOR INNOVATION AND ENTREPRENEURSHIP & THE TEPPER CAREER OPPORTUNITIES CENTER*

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## INTRO

How do you recruit when companies don't know what they are hiring for, jobs are often never posted, jobs may not be defined or labeled, 90% of the population have never heard of these companies before, and you actually have to evaluate the potential of the company not just your own role.

Before we answer the HOW, we think the more important question is WHY?

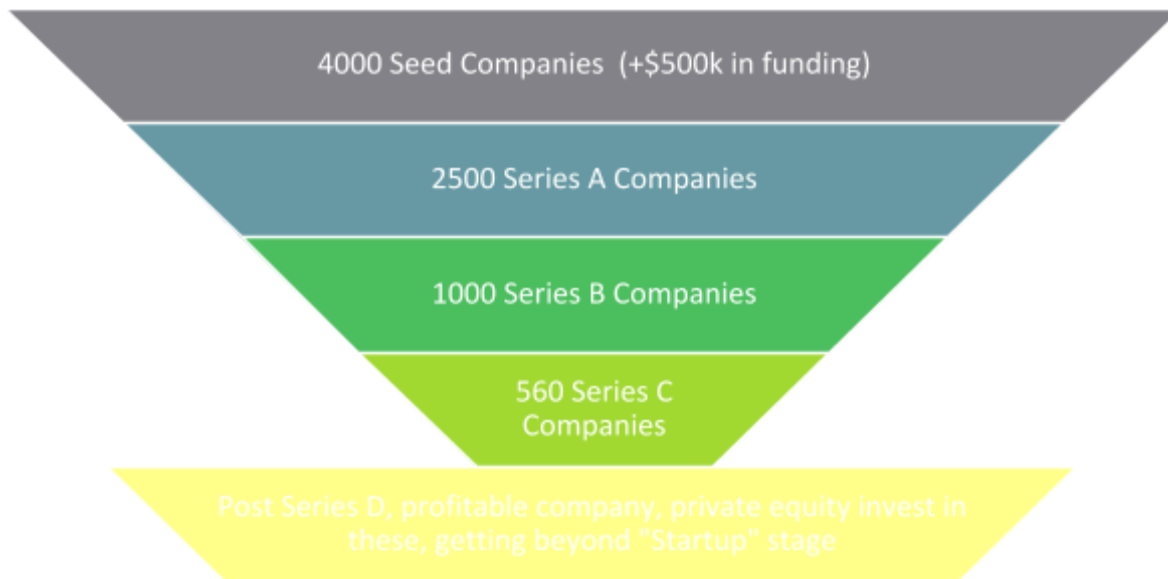
**The feeling you get when you work for a startup is rather hard to describe. In some respects, it's a little like taking the red pill and getting ejected from the Matrix. Your impact is direct and makes a massive difference. Every idea, process or change you implement has a ripple effect that can impact the company and potentially hundreds or even thousands of employees and customers for years to come. A common sentiment is that people learn more in a matter of months at a startup then they do after years at a large corporation. On top of that you are surrounded by a culture of innovation and motivated people that just might change the world.**

## LAY OF THE LAND

Half the battle in startup recruiting is finding the job. In general spending more time up front doing research to find the perfect company for you, will pay off exponentially both in the interviewing process and once you start the job. Finding startups can be challenging, because there are a lot of them and they tend to be rather small and unknown compared to logos we see every day. Below is a rough estimate of the general number of active startups (not exited or shut down), that have achieved each stage of funding. The Seed round being the first round of financing all through way to Series C. Startups that have raise Series D funding typically have



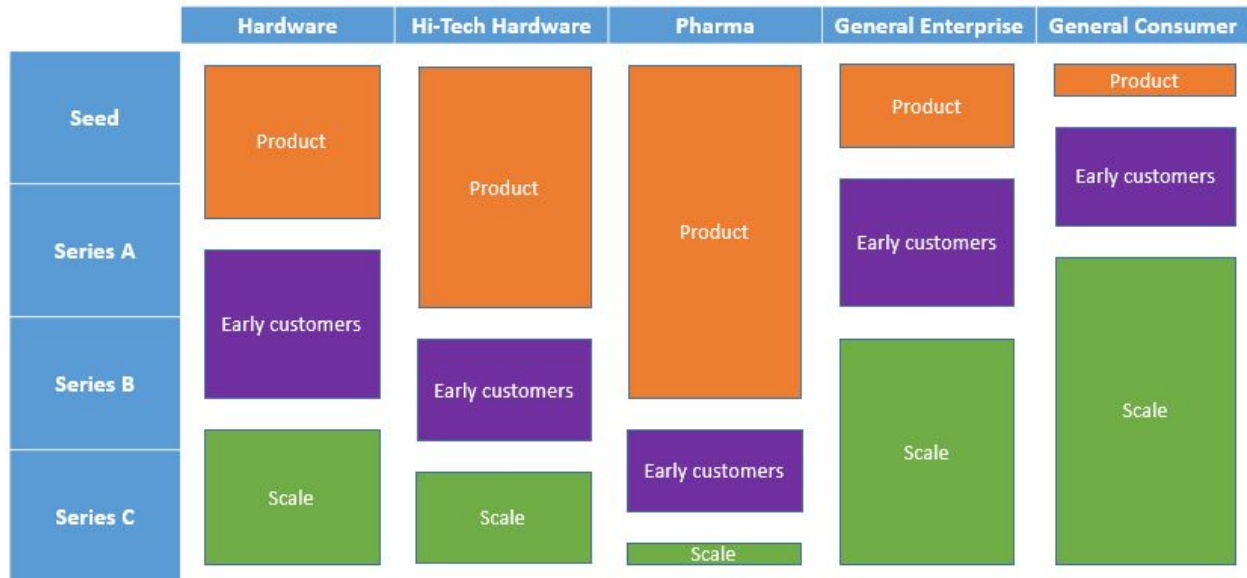
recruiting processes you are hopefully more familiar with because they resemble larger companies.



## WHAT IS A STARTUP JOB

### STAGES

The work you would be doing at a startup depends dramatically on the stage at which you join, whether for full time or for an internship. At each stage companies are going through different parts of their growth cycles. Below is a very rough idea of what different types of companies might be doing based on their last round of funding.



Hi-Tech Hardware (Ex: Robotics, drones, Internet of Things) and Pharma, for example, take far longer to design, build and test their products, then say a consumer app company, that is often already getting early customers a few weeks into the start of the company.

JOB

So what exactly would you be doing, if you are not an engineer at a startup at each of these stages? We have listed out examples of the type of work below, and a quick definition of what the stage means. Notice that once a company starts getting customers, things start becoming much more familiar to anybody recruiting at larger companies, however there are still many differences in the general functions in addition to unique roles based on each stage.

<b>Product Stage</b>	<b>Early Customers</b>	<b>Scale</b>
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This is when the company is still building the initial product	Product is mostly ready to sell, trying to figure out sales and marketing	Fully validated company, \$2-10 Million revenue, how do they make things repeatable, how do they scale
Market Research	Business Development	Business Development
Customer Validation	Marketing	Marketing
Customer Feedback	Sales	Sales
Competitive Landscape	Data Analysis	Data Analysis
Investor Pitch Decks	Product Management	Product Management
Market Sizing	HR Strategy	HR Strategy
What market to go into?	Operations	Operations
AD hoc projects	Setting up processes	Systems Implementations
	A/B testing and Go 2 Market	Optimize processes
	Ad hoc projects	New Product Launches
		New geographies/verticals
		Ad hoc projects

#### FINDING COMPANIES

#### RESOURCES

Many companies have built a business on tracking private company data, many have specifically targeting venture funded startups. Here is a list of some of the most common and popular startup databases

- Crunchbase (free)
- Angellist (free)
- Privco (free through Carnegie Mellon)
- Mattermark (paid, but try their free trial to collect your data or see if their filters bring up new companies)



- Datafox (paid, but try their free trial to collect your data or see if their filters bring up new companies)
- Traxcn (paid, but try their free trial to collect your data or see if their filters bring up new companies)
- CBInsights (paid, but try their free trial to collect your data or see if their filters bring up new companies)
- VentureSource (paid, but try their free trial to collect your data or see if their filters bring up new companies)
- Pitchbook (paid, but try their free trial to collect your data or see if their filters bring up new companies)

Startups do post jobs online. When April and May come, applying through jobs is absolutely worth your time, but the same rule applies: “Better to spend time search for the right job, then to spend time applying to lots of jobs.” It is also worth looking at what startups are hiring in the Fall, as it can give some indication of what roles might be opening in Spring.

Here are a list of startup job boards to check:

- Angellist
- VentureLoop
- Startuphire

#### STARTING YOUR SEARCH

Start with simple criteria that you find is easily searchable

- Industry
- Product Type (Hardware, Software, marketplace, biological)
- Business Model
- Investors
- Look at the given criteria in different databases to narrow your search

#### OTHER TIPS, TRICKS AND TOOLS



Pocket -> Allows you to easily tag web pages you find to read later. Useful for making notes of startups you find online that look interesting, but don't have time to research intensively in the moment.

#### GETTING IN THE DOOR

- i. Look for an introduction to someone at the company through your LinkedIn network
  - a. Warm introductions, even to non-executives, are ideal as they can help overcome many first impression challenges
- ii. If you cannot find a warm introduction: Send an Email
  - a. To who you might ask?
    - i. Seed stage – Send to the CEO or COO, they are involved in everything at the company and are still making all of the hiring decisions
    - ii. Series A – Send to the CEO or COO, but you might get a lower response rate. Try the Director or VP of the team you would be interested in working on. If you are looking to fill a Director or VP level position, then stick with the CEO.
    - iii. Series B – Same as Series A, although you will likely get very few responses from the CEO, best to try the VP or Director level. Another good strategy to employ at this stage is to email peers on the team you would be interested in joining, at the same level as you.
      1. Peers are much more willing to respond and meet/talk with you
      2. Peers are much easier to impress and often less intimidating than the CEO
      3. Companies love to hire people referred by employees, if you get an employee to like you, you often have a very easy intro to anyone else in the company, especially at the early stage, but that goes for any team
    - iv. Series C – Same as Series B, but probably best to skip the C-suite here. At this point a company will likely have a recruiting team in place and so it is



worth it to reach out to the recruiter directly, as they are paid to have conversations with people like you, and they won't likely have a very formal recruiting process in place.

#### FINDING SOMEONE'S CONTACT INFORMATION

Easiest and most useful tool on the market is called

# rapportive

- i. Go to [www.rapportive.com](http://www.rapportive.com) to add Rapportive to Gmail
  - a. If you have trouble there are many sources online to troubleshoot, but it is quite straight forward to add
  - b. Make sure to allow it access to everything it asks for when it prompts you.

When it is added correctly, a small window will open on the right side of your gmail when you open a new email and add somebody's email to the To: line, their LinkedIn profile will appear like below:





18 hours ago ☆

messages

3:10 PM (18 hours ago) ☆

3:23 PM (18 hours ago) ☆

**Mary Davis**  
mary@example.com  
San Francisco Bay Area  
CEO at Example Inc  
Investor at Lucrative  
Board Member at Fictional  
Advisor at Knowledgeable Inc

LinkedIn CONNECT  
Twitter @marydavis1970  
Personal Website  
Skype

Mary is in your third-degree network. You may know them through:

support | privacy | my profile rapportive

To verify someone's email address:

- i. Open a new email
- ii. In the To: section
  - a. Type in their [firstname@company.com](#)

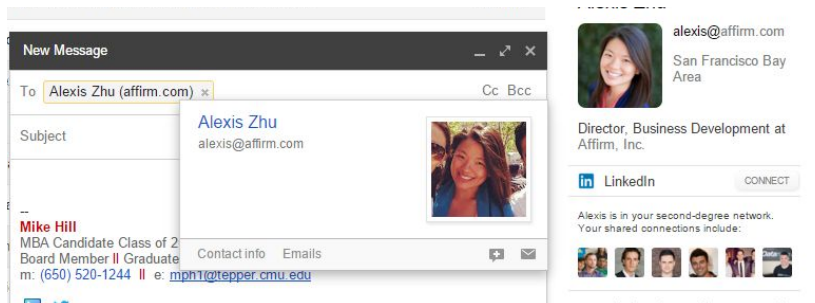


- b. Or [firstinitiallastname@company.com](mailto:firstinitiallastname@company.com)
- c. Or [Firstname.lastname@company.com](mailto:Firstname.lastname@company.com)
- iii. 95% of the time, at startups in particular, the contact you are trying to reach will have an email in one of these formats
- iv. If the format you try is correct, Rapportive will display their LinkedIn profile

*OCCASIONALLY SOMEONE WILL NOT HAVE CONNECTED THEIR EMAIL TO LINKEDIN*

If their LinkedIn profile is not popping up

- i. With each format you try also hover over the email as gmail will also help you verify emails
- ii. If the email is correct and it is another company domain linked to gmail, gmail will display a box like the one below showing their gmail profile



- iii. If you type an email in to the To: line and this box only shows the email you just typed in, that means Gmail is **not** validating that email. Otherwise, this gmail box can show anything other than just the email to validate it is correct. Sometimes there is no picture or sometimes it just shows the First and Last Name, not email. These examples are both still valid.

*OTHER RESOURCES BESIDES RAPPORTIVE*

- FullContact (gmail plugin)
- Sidekick (gmail plugin)
- Discover.ly (gmail plugin)



- AboutNumber (gmail plugin)
- Kickbox (general email checker, user enters email in a field to test and clicks 'validate')
- Briteverify (general email checker, user enters email in a field to test and clicks 'validate')

#### EMAILING

What you say in your email depends quite a lot on who you are writing to.

#### EXAMPLE EMAIL TEMPLATE

Hello ,

My name is \_\_\_\_\_, I am a Graduate/MBA student at Carnegie Mellon in the  
\_\_\_\_\_ School.

\*Reason you are interested in speaking with that person, learning about the company or learning about their role\* (1-2 sentences max)

\*Your field of interest/background\* (1 sentence max)

\*Your ask\*

Examples: (Any chance you might have 15 min. over the next few weeks to chat?) - OR - (I will be out in \_\_\_\_\_ the week of \_\_\_\_\_, any chance I could stop by your office for a bit to chat?)

Look forward to hearing from you

#### COLD CALLING



Being bold and calling contacts directly can set you way ahead of the rest of the field, as long as you approach it correctly.

Before calling you should have your 30 second elevator pitch down smooth, whether they answer or not. This pitch should include:

- Your name and current status
- Why you're interested in their company
- Why you want to specifically meet with that person.
- You are hoping to find 15 min when it is convenient for them to chat about the company, their role and any advice they might have.

EXAMPLE COLD CALL SCRIPT

*John is a manager you have called at a target startup*

*You: Hi is this John?*

*John: Yes*

*You: Hi John my name is \_\_\_\_\_, I am a graduate student at Carnegie Mellon University, did I catch you at a bad time?*

*(Good response)*

*John: I have a moment what's up?*

*You: \*30 second elevator pitch\**

*John: Great what can I answer for you?*

*You: Question #1 that you have prepared*

*Goals of the call would be to*

*(Bad Response)*

*John: Yes it's a bad time,*

*Me: I apologize for interrupting, \*Why you are interested in the company\* and \*Why you were hoping to speak to them specifically\* Any chance you could spare 10-15 min next week to chat?*

*John: I really don't have the time, I have to go*



*Make it clear you are interested in a paid internship/a fulltime position with the company come May  
Ask for an in person meeting when you are next in the area to continue the conversaiton or an intro to a different person at the company that might be the most relevant for your interests*

*Me: No problem, if its alright with you, I will follow up with an email, and perhaps we could find a different time a few weeks out*

*John: No thanks \*hang up click\**

*Most likely this won't happen, but if it does, move on*

#### YOU ARE A VENTURE CAPITALIST AND A CANDIDATE

One of the biggest differences between recruiting at startups and big companies is the evaluation piece that is often not taken seriously by students. Nobody every questions whether Google, Deloitte or JP Morgan are good companies to work for, if an applicant did they would most likely not get the job.

This is quite the opposite with startups, to some degree.

Looking at the viability of a startup is important for many reasons

- i. You will be stuck with the team, company and product for years – make sure you can get behind them and it
- ii. Asking questions and probing into the real challenges, bottlenecks and risks of a startup will demonstrate your skillsets far more than a stellar resume. More than anything startups need smart people that can solve problems, no matter the role.
- iii. Asking the deep probing, VC like questions shows you care and are passionate about making the company a success.



- iv. The success of the startup could be the difference between a multi-million dollar exit payout for you vs. a bust exit – you should be very careful about the company you choose to join

#### EVALUATION CRITERIA & QUESTIONS

##### TEAM

###### WHO ARE THE FOUNDERS?

Do you personally get along with them?

Could you see them being a mentor to you?

###### WHY DID THEY START THE COMPANY?

Good story?

Solving their own problem?

Do they seem passionate about solving that problem?

###### WHAT ARE THEIR BACKGROUNDS? PREVIOUS SUCCESS AS A FOUNDER?

Past companies success?

Past success in Non-founder roles?

###### DO THE FOUNDERS WORK WELL TOGETHER?

How do they know each other?

How are decisions made?

###### WHO ARE THE OTHER MEMBERS OF THE EXECUTIVE TEAM?

Do you get along with them?

##### PRODUCT

###### WHAT PROBLEM IS THE PRODUCT SOLVING?

Vitamin vs medicine?

Solution finding a problem or vice versa?



WHAT IS THE VALUE PROPOSITION?

WHAT IS THEIR UNIQUE VALUE PROPOSITION?

IP?

What can it do that no other products can do?

WHAT STAGE IS THE PRODUCT?

Can it scale?

Does it work?

MARKET SIZE

WHAT IS THE BEST POSSIBLE END GOAL?

\$100Million, \$1Billion, \$10Billion, \$100Billion in revenue? Not every company has a chance of becoming the next Google

WHAT IS THE IDEAL CUSTOMER PROFILE (ICP)?

How many customers fit the ICP? = Total Addressable Market

WHAT WOULD THE NEXT MARKET BE?

Consumer? SMB? Enterprise?

New Verticals?

Product Extensions?

New Products?

International?

MARKET TIMING

WHAT OTHER TECHNOLOGIES OR FACTORS IN THE MARKET ARE REQUIRED FOR SUCCESS?

(Example: Building a Virtual Assistant. Is NLP technology far enough along to make a viable product that relies on it?)

NEW PRODUCT VS NEW MARKET?



(Example: Salesforce created a new product <-> Airbnb created a new market)

## Competition

HOW IS THE PROBLEM BEING SOLVED CURRENTLY?

Are customers using workarounds or internally built tools to solve it?

WHAT OTHER PRODUCTS EXIST TO SOLVE IT?

Large Incumbents with existing products in the space?

Large companies with new research/product/spinouts in the space?

Other startups in the space? (Who will they be competing against in 2-4 years)

## FINANCING

HOW MUCH MONEY WILL IT TAKE TO BUILD/SCALE?

How much Product Development, Testing, Design, manufacturing, and other capital intensive activities will be required to help the company scale?

WHO ARE THEIR INVESTORS?

The best investors are the best for a reason. Familiarize yourself with the top 100 VC firms and keep an eye out for startups that managed to convince these VCs to invest in their company.

*Resources:*

Top 100 Individual VCs - the Forbes Midas List

Top 100 VC firms - Entrepreneur.com's list of Top 100 VCs

## EXECUTION

WHAT HAS BEEN ACCOMPLISHED SINCE THE LAST FUNDING?

HOW WELL DO THEY FOLLOW THEIR SPRINTS AND QUARTERLY GOALS?

What were the latest deadlines?

What is an example of a deadline that was not hit and why?

HOW INFORMED ARE THE FOUNDERS?

About their business?



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About their market?  
About their employees?

#### EXIT RISK

IF THEY BUILD AN INTERESTING COMPANY, GET SOME GREAT CUSTOMERS, GENERATE HEALTHY REVENUE AND MARGINS  
— WILL ANYONE CARE?

Some companies in niche markets may not be strategic to anyone and may be too small to go public.

#### INFORMATIONAL INTERVIEWS

These conversations are often called Informational Conversations/Interviews. The goal with the initial call or email should be to get these informational conversations. Ideally, you want to have them in person, not by telephone, or on Skype or FaceTime, because a face-to-face meeting will give the interviewer the best chance for getting to know you

Possible goal with these calls

- Learn about the company
- Learn about their role
- Learn about the startup industry in general and how they got/chose their role

#### RESEARCH

##### THE COMPANY

Just like you would for a job interview, spend a lot of time on the company's website to find out about their products and services, their locations and the names of their key team members.



Print out their latest press releases so that you can discuss what’s going on with company now. Your extensive knowledge of their company could impress the person you’re speaking with.”

#### THE INDIVIDUAL

Go on LinkedIn and do a search on the person meeting with you. You can ask them specific questions about their background including why they chose their career and company.

#### STARTUP DRESS ATTIRE

First impressions count so don’t come in with a full suit or anything to fancy (unless it is fairly clear there culture calls for it). Business Casual is fine.

#### NOT A JOB INTERVIEW

The most important rule about informational interviews is they are for information—not a job. You should make it clear you are very interested in the company, and that is enough to convey that you are interested in jobs there. Most successful startups are always recruiting, so the person on the other end will definitely be evaluating you from the moment the call starts, whether they reveal it openly or not.

#### HAVE A GAME PLAN

#### YOUR MEETING

Be certain to have a game plan when you arrive. Regardless of your hopes or intentions, this isn’t a regular interview, and the interviewer isn’t going to take charge.

#### QUESTIONS

Come prepared with at least five key questions. Think of questions that can’t be answered through the Internet. They should demonstrate you have done your research and show your insightfulness. Try thinking about the biggest problems that individual might be facing and ask about them, show you can understand how the business works.



## NETWORKING STRATEGIES

Networking for Startups is the cornerstone of finding the right opportunities at Startups. Networking by nature is an ambiguous activity without any clear path or end. We think that is one of the biggest reasons why people don't take it seriously and start early. Another reason might be that people don't know where to start.

We would like to layout some of the problems before we frame solutions.

- You don't know where to start
- You don't live in the location where you want to network in and eventually work in
- I don't know what I am looking for or what I want to do
- Nobody wants to network with you
- I have done networking, but am hitting a wall

Ultimately there is no perfect solution other than hustle. If you are willing to put in the effort, we have some strategies below that may help you be more effective.

## NETWORKING IS NOT ALL WARM INTROS AND FRIENDS OF FRIENDS

Don't be afraid to cold email and cold call people, IT DOES WORK! If it is not working for you, it only means it is something you can improve on. Seek feedback from friends and colleagues on your strategies, but don't hit a wall and stop.

In the "Getting in the Door" section above we share templates and scripts for these types of cold outreach. These are just ideas on how to frame your outreach. There are 2 universal truths to successful cold outreach:

- i. Be simple
- ii. Be custom



If people get the message easily, and it is a good message relevant to that person, there is a good chance they will respond.

DON'T INTERVIEW UNTIL ASKED

Outreach and initial conversations are the main activities in networking. If you have an early conversation with someone or even just connect over email, as soon as they are looking at you as a candidate for their company dynamics will change. This doesn't mean you can't tell them you are interested in the company, but you should realize that once you do, people will be far less likely to make introductions and share useful advice.

Questions to ask yourself going into any conversation:

- Am I more interested in working at this company or getting intros to other companies?
- Is this person in a position where they likely know a lot of other people I would want to talk to or no?

This is obviously not mutually exclusive, but it is good to be aware of the implications of what your goal is for each conversation.

When you talk to a company you are definitely interested in, then it makes sense to make it clear you are interested, but keep in mind that you will go into most of these conversations asking for information. By turning it too much into an interview, you can put somebody off as they may feel misled. A couple DONTs to keep in mind that may imply you are really trying to interview:

- Talking to much about your background
- Asking too many questions about the details of their team and company
- Asking about openings

All of these are fine if the person is aware that they will be talking to you about possible positions at the company, just make sure expectations are set going in.



#### WHERE TO START

Getting started is not too difficult, but there are 7 billion people on the planet. Here are some tips to narrow that down a bit:

- Search for the companies you are interested in. Tips for that in section above “Finding Companies”
- Search through your personal network on LinkedIn
- Search through Alumni Networks
  - Join LinkedIn’s Carnegie Mellon Alumni network
  - Explore the directory on Carnegie Mellon’s Alumni website
  - Search on LinkedIn using School = Carnegie Mellon
- Talk to individuals locally that are well connected in the region or industry you want to work in, within industry networks often span geographies.
- Attend local events found on:
  - Meetup.com
  - Eventbrite.com
  - Join the CIE Mailing list at [www.cmu.edu/cie](http://www.cmu.edu/cie)
  - Join the CMU GEC Mailing list at [www.cmugec.org](http://www.cmugec.org)
  - Join CMU GEC Facebook group
  - Events around campus found on CMU’s websites
- Talk to Venture Capital Firm Talent Teams – Many VCs have people dedicated to funneling top talent into their portfolio companies. They are often interested in meeting talented graduate students who might be able to take on significant roles within their companies.
  - Find them on LinkedIn
- Talk to Angel Groups about getting intros into their many portfolio companies
- Maximize time spent in region you want to work by:
  - Attending local events
  - Setting up informational meetings

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## INTERVIEWING

Interviewing with startups is sometimes normal. Starts with a Phone Screen, moves on to an in person/skype, then perhaps a final round before a decision is made. More often than not, it is nothing like this, especially if you are proactive and spend the time to find the perfect opportunity for you.

The beauty of startup recruiting is that virtually any job is up for grabs to anyone who is willing to work for it. One of the key differences between startup recruiting and recruiting at large companies is the tools you have at your disposal.

## WORKING FOR FREE

This is an amazing tool that is almost never part of any other recruiting processes outside of startups.

It is amazing because doing it successfully, could mean getting the job without any interviews, applications, resumes, references or any other standard recruiting practices being done. These things still happen, but if you show your strengths and add real value to the organization during a “Work for Free” period, there are very few reasons why you won’t get an offer.

That being said working for free must be approached very carefully and as there are many risks and dangers to be aware of.

**BIG RISK: ARE THEY JUST TRYING TO GET FREE WORK OUT OF YOU?**



This is one of the biggest risks with working for free. Many CEO's or other executives are so desperate to hit deadlines and keep "Their dream" a float that they will jump at the chance to have a student work for them under the guise of being considered for a job.

## MITIGATIONS

### #1 BUDGET

Make sure the company has sufficient funding to pay you. Sometimes it will be hard to get an answer from the company for this, but that does not mean you shouldn't ask. If you don't get any info or even if you get a "yes" from them. It is always smart to try and get a ballpark figure yourself to verify. This is typically only applicable for Seed or maybe Series A companies. Here are some factors to make your own estimates of the company's burn rate.

- i. When was the last funding and how much did they raise? – Typically startups raise money when they are approaching the end of their runway (running out of money), so it is probably safe to assume the amount they raised + a little more, is the amount of money they after the round.
- ii. How many employees do they have now? How many did they have a year ago? – You can ask them this or do your own research on LinkedIn
  - a. Average employee salary will likely be between \$100k-\$150k, use your best judgement
  - b. Salaries often make up most of the costs for startups
- iii. Are they bringing in revenue? When did they start bringing in revenue – You can see this on their website (Do they have pricing? Are they asking customers to contact sales, or sign up for their "Freemium product"?) Or you can ask them.
- iv. Burn rate (Amount of money being lost each month) = Total Cash at start + (Revenue/month \* # of months) – (Costs/month \* # of months)
  - a. If you estimate these three and the company clearly has \$1 Million in the bank, you are fine. If the company clearly has less than \$1 Million, you need to be careful.



If the company clearly has less than \$1 Million how do you handle that? Questions to ask:

- Do you have plans to raise more funding?
- Any idea when your break even point might be? (When Revenue > or = Costs)
- I did some estimates based on your last funding and cost estimates, and I am a bit concerned about their being fulltime/ paid opportunities this Summer? – Honesty is respected and sometimes it is better to just ask outright if they will have money to pay you.

## #2 EXPECTATIONS

If you are going to be working for free, make sure you and the company have a clear idea of what is expected. Because the company is not paying you, they will often not take your work as seriously and may not spend the time to really make sure you have a clear understanding of what to do and what success looks like.

Therefore, it is up to you to figure out exactly what it is they want and also what you are capable of. Here is a quick list of what you should have straightened out before starting any free work:

- Deadlines
- Scope
- End deliverable format (Report, presentation, fully designed vs. just an outline, etc...)
- How this work will be put to use (Part of a larger project, just something the CEO is curious about, etc...)
- Time they expect you to be spending on it (You should be clear with how much time you have. Part of their judgement of your completed work should be how much time you told them you were spending, better under promise, over deliver)
- Other free work they have had done (They may be comparing you to something in their past, good to know what that is)

## #3 IS IT STRATEGIC?





Startups have a hard time recruiting, when they find someone good they will do whatever it take to bring that person aboard. Working for Free is not always necessary to demonstrate how good you are. Every situation is different. If a job is being created, it will often be because the candidate identified an opportunity at the company where their skill set and experience would allow them to make a massive impact.

Ideally the work you are doing should be similar to the type of work you would want to do at the company. The more impactful and valuable it is to them the better.

Working for free is not a sure thing. Often the company will make that clear, that they will “See how things go.” Even if you are outstanding in the work you deliver, there is often no guarantee. (Try to get a guarantee before you start if possible, but it is okay if they are not open to that)

Some examples that students have done in past:

- Creating Marketing Materials for a product
- Researching and building a list of target customers and running email/marketing campaigns to engage them
- Helping prepare for investor/competition presentations

#### CONSULTING OR PROJECT WORK

You don't always have to start working for free to set yourself apart. You are worthwhile and if a Startup has money, and you are doing strategic valuable work for them. You should be paid! The world is not a perfect place and so that does not always happen, but here are some tips to help get you there.

- Companies will never be the one to ask you to work for free, at least they usually won't outright ask you. If your attitude from the start is that you will be paid, you can steer the conversation towards how much, not free or not free.



- There are better resources and books out there to learn how to maximize value and negotiate salaries, but keep in mind that as soon as a \$ value is placed on your services, it is possible to be pigeon holed in that salary range. This is about setting clear expectation for your salary range is you were to go full time, completely independent of the contract work you are discussing at present.

#### OUT OF THE BLUE IMPACT

Most people know how to prepare for interview, at least if you are in school, your local Career Representative can help you with general interview prep. There is a tendency for candidates to do things the same way they have always been done, when whole point of a startup is exactly the opposite.

Picture you are a hiring manager recruiting for a sales position.

Candidate #1: Walks in prepared with strengths and weaknesses, STAR stories perfected, hours of case interview prep, Many examples to respond to the “Tell me about a time when...” question.

Candidate #2: Walks in with 5 customers ready to buy the company’s product.

Who would you hire? We feel pretty strongly that candidate #2 is the right answer. Feel free to disagree.

If you think about it, who does a company want to hire? The person they can best see doing the job well. Doing free work and setting expectations about getting hired are great. However, sometimes start up recruiting takes a leap of faith, if you are really passionate about the company/job.

Other examples:

- Come into the interview with a full presentation, laminated, with one copy for each interviewer, that talks about your timeline when you start, your goals for the company, your role, ideas you have and how to execute on them, etc...



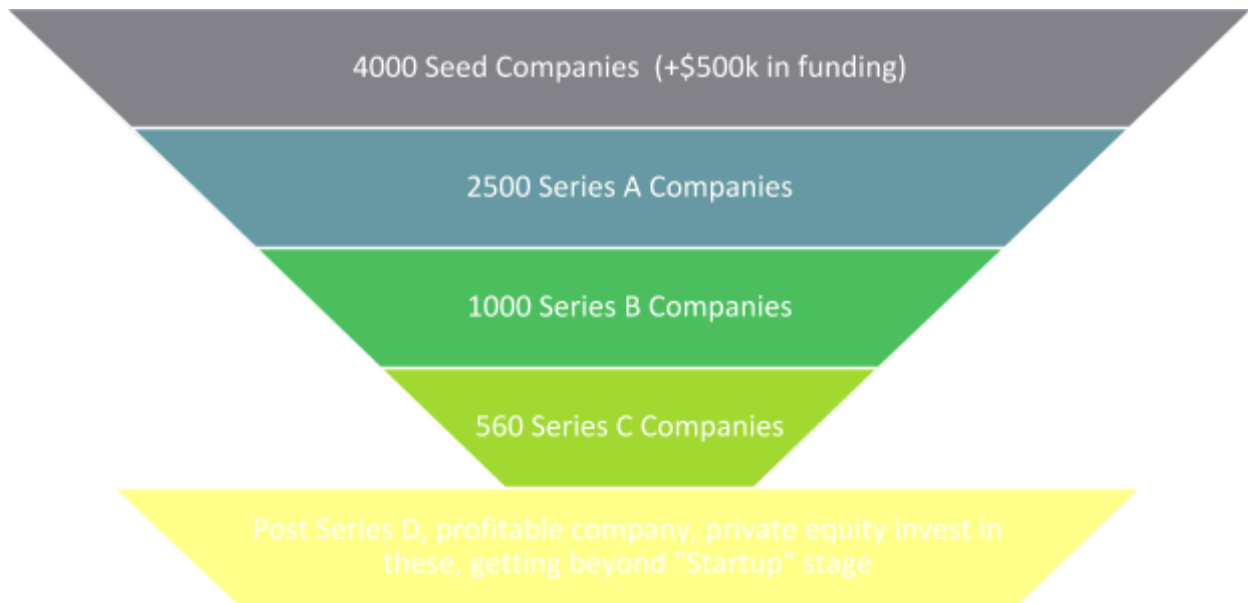
- Create Marketing materials ahead of time, with stories and research to back up your ideas on messaging.
- Create a presentation about the new product features you think would be beneficial and why.
- Conduct your own market research study and identify key trends or verticals as recommendations for the company to consider

#### THE OFFER

One of the biggest questions we get is how much can I make at a Startup?

The simple answer is as much as a normal company. Of course there are always exceptions

Let's bring our triangle back to look at the stages of companies:





Generally Seed stage companies may have a tough time paying competitively, however you will be rewarded handsomely with equity. If the company really does take off, then you may likely move up several income brackets!

Series A companies have typically raised a serious amount of funding and most of them can start paying REAL salaries, in addition to slightly more equity than you would receive at a Series B and so on.

Series B and beyond are almost always offering competitive packages compared to larger companies.

Look at recruiting from a startup's perspective. They are competing from the same talent pool as any other company. Obviously some candidates prefer startups or larger companies, but ultimately the most successful startups are able to put together competitive offers compared to larger companies, once they have reached a certain stage.

Here are the main categories to look for in Startup Offers:

#### SALARY

Any company beyond Series B should be able to offer competitive salaries. If you receive a subpar salary in your offer from a company beyond this stage, there is one of several reasons for this:

- They do not value your skillset for the job you are being considered for
  - Wrong job, move on
  - Create a better story for why you are a perfect fit for that role, and come back at them or try another company with the lessons learned from the 1<sup>st</sup>
- The company values that type of job less than other companies do
- They are running low on funding



Below Series B you can absolutely get a competitive salary, although it is not always as guaranteed.

If a company has the money, then they have the ability to pay you. A simple criteria is look for companies that have raised +\$1 Million in funding, and are growing fast.

#### EQUITY

##### WHAT IS EQUITY?

Equity means you are receiving share of the company. These are presented to employees either as Options or as restricted Stock.

If you're getting stock options, you get the right to buy company shares at a fixed price. Let's say when you join the company, each stock is worth \$1. Two years down the line, when they're worth \$5, you can buy them at the \$1 price, turn around and sell them, and get a 400% return.

The other type is restricted stock. Usually, that means it's vested—rather than buying your stock, you get it automatically, but it's paid out over time. The most common pay-out is four-year vesting with a one-year cliff. After you've worked at a company for one year, you'll get 25% of your stock options each year. Maybe you don't see yourself staying at the start-up for a full four years; in that case, you should negotiate your equity package.

In a simplified example: If a company is acquired for \$100 Million and you own .5%, you get \$500,000.

There are other considerations that affect this amount, for example Investors shares are typically preferred, meaning they get paid back before other Common shares. So you don't always get the exact % you own as a payout if a startup exits.



Equity is typically the counter balance to salary or other perks, especially at the early stage, BECAUSE it is free for startups to give to you. However it is only worth anything maybe 5-10% of the time.

Look back at the “You are a Venture Capitalist and a Candidate” Section to learn how to think about the potential value of that equity.

#### WHAT IS FAIR?

Below are 3 examples from Guy Kawasaki (A well known VC), VentureHacks (A well known startup news site) and Buffer (A startup that recently opted for an open information policy and released their formula for calculating startup equity)

#### Guy Kawasaki:

- CEO brought in to replace the founder, 5 - 10%
- CTO, CFO, VP of Marketing or Sales, 1.5 – 3%
- Chief Engineer or Architect, 1 - 1.5%
- Advisory Board Member, 1%
- Senior Engineer, .3 - .7%
- Product Manager, .2 - .3%

#### VentureHacks:

- CEO: 5-10%
- COO: 2-5%
- VP: 1-2%
- Independent Board Member: 1%
- Director: 0.4-1.25%
- Lead Engineer: 0.5-1%
- 5+ years experience Engineer: 0.33-0.66%
- Manager or Junior Engineer: 0.2-0.33%

#### Buffer:



<b>Role Component</b>	
Role Name	Role %
Happiness Hero	0.5
Weekend Warrior	0.5
Content Crafter	0.55
Engineer	0.8
Designer	0.7
Product Manager	0.75
Operations Officer	0
Executive Officer	0
Onboarding Specialist	0.6

They assign each role a different weight based on its importance to the company

<b>Choice component</b>	
Choice	Choice Amount
Salary	1.0
Equity	1.3
Bootcamp	0.0
Founder	0

They ask employees if they prefer 10% more salary vs. 30% more equity

<b>Risk Layer</b>	
Company Size	Layer Amount
1-3	-
3-6	1
7-15	2
16-30	4
31-60	10

Joining the company at different points involves different levels of risk, and is rewarded with different levels of equity

<b>Seniority Component</b>	
(Role * Experience / Risk) * Seniority	
Seniority Level	Seniority Amount
-	0
Senior	0.1
Lead	0.2

More senior employees get more equity



**Buffer's Open Equity Formula:**

$$\text{Role} \times \text{Choice} / \text{Risk layer} + \text{Seniority}$$

Total Equity as %

Team Member	Role	Choice	Co. Size	Seniority	Total Equity
Joel	Executive Officer	-	-	CEO	42.700
Leo	Operations Officer	-	-	COO	23.000
Andy	Engineer	Salary	3-6	Senior	1.000
Sunil	Engineer	Salary	3-6	C-Level	2.000
Carolyn	Happiness Hero	Equity	3-6	C-Level	1.780
Åsa	Happiness Hero	Equity	7-15	Senior	0.416
Colin	Engineer	Salary	7-15	Senior	0.640
Brian	Product Manager	Salary	7-15	Senior	0.640
Niel	Engineer	Salary	7-15		0.640
Mary	Happiness Hero	Equity	16-30		0.300
Adam	Happiness Hero	Salary	16-30		0.213
Zach	Engineer	Salary	16-30		0.426
Daniel	Happiness Hero	Equity	16-30		0.179
Steven	Engineer	Salary	16-30		0.240
Courtney	Content Crafter	Equity	16-30	Lead	0.302
Dan	Engineer	Salary	16-30		0.240

OTHER PERKS

Outside of equity and the occasional lower salary, Startups can and often do offer very attractive additional benefits including:





- Health, Dental and Vision Insurance – the chance of this being fully paid for is about the same as any other company
- Free food – somewhat common, especially in big Startup hubs like Silicon Valley, NY, Austin, Seattle, Boston, Denver.
- Fun employee get-togethers, events and trips – This says a lot about their culture, if they don't put something around the fun things they do as a team in the perks, it is probably because they didn't think of it BECAUSE they don't do it.
- Vacation days – many startups are following the recent trend of unlimited vacation days. This is not always positive, do research on this before looking at it as an amazing perk.
- Gym membership
- Covering Commuting costs (Public transportation, parking, etc...)
- Ping pong, fueseball, etc... in office

## CONCLUSION

Hopefully we have de-mystified the startup world for you and you can now see a path to excitement and innovation that you never thought was possible. You are young and have your whole life ahead of you. There will always be another job for a talented Carnegie Mellon graduate. Take a chance on an early stage company or go with a Unicorn like Airbnb, Slack, Pinterest, Nextdoor, Spotify, Palantir and Lyft.

**A common sentiment is that people learn more in a matter of months at a startup than they do after years at a large corporation. On top of that you are surrounded by a culture of innovation and motivated people that just might change the world.**